



4000-01-U

DEPARTMENT OF EDUCATION

Annual notice of interest rates of Federal student loans made under the William D. Ford Federal Direct Loan Program on or after July 1, 2013

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

Catalog of Federal Domestic Assistance (CFDA) Number:
84.268.

DATES: This notice is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

SUMMARY: The Chief Operating Officer for Federal Student Aid announces the interest rates for loans made under the William D. Ford Federal Direct Loan (Direct Loan) Program on or after July 1, 2016, but before July 1, 2017.

FOR FURTHER INFORMATION CONTACT: Rene Tiongquico, U.S. Department of Education, 830 First Street, NE., 11th Floor, Washington, DC 20202. Telephone: (202) 377-4270 or by email: Rene.Tiongquico@ed.gov.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print,

audiotape, or compact disc) on request to the contact person listed under FOR FURTHER INFORMATION CONTACT.

SUPPLEMENTARY INFORMATION: Section 455(b) of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1087e(b)), provides formulas for determining the interest rates charged to borrowers for loans made under the Direct Loan Program including: Federal Direct Subsidized Stafford Loans (Direct Subsidized Loans); Federal Direct Unsubsidized Stafford Loans (Direct Unsubsidized Loans); Federal Direct PLUS Loans (Direct PLUS Loans); and Federal Direct Consolidation Loans (Direct Consolidation Loans).

Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans (collectively, Direct Loans) first disbursed on or after July 1, 2013, have a fixed interest rate that is calculated based on the high yield of the 10-year Treasury notes auctioned at the final auction held before June 1 of each year, plus a statutory add-on percentage (a "margin"). Therefore, while the interest rate determination for new loans will be different from year to year, each of these loans will have a fixed interest rate for the life of the loan. In each case the calculated rate is capped by a maximum interest rate. On Wednesday, May 11, 2016, the United States Treasury

Department held a 10-year Treasury note auction that resulted in a high yield of 1.710%.

The following chart contains specific information on the calculation of the interest rates for Direct Loans first disbursed on or after July 1, 2016, but before July 1, 2017. We publish a separate notice containing the interest rates for Direct Loans that were made in prior years.

Fixed-Rate Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans First Disbursed on or after 7/1/2016 but before 7/1/2017							
Loan Type	Student Grade Level	Cohort		Index Rate	Margin	Fixed Rate	Max. Rate
		First Disbursed On/After	First Disbursed Before	10-Year Treasury Note			
Subsidized	Undergraduates	7/1/2016	7/1/2017	1.710%	2.05%	3.76%	8.25%
Unsubsidized	Undergraduates	7/1/2016	7/1/2017	1.710%	2.05%	3.76%	8.25%
Unsubsidized	Graduate and Professional Students	7/1/2016	7/1/2017	1.710%	3.60%	5.31%	9.50%
PLUS	Parents of Dependent Undergraduates	7/1/2016	7/1/2017	1.710%	4.60%	6.31%	10.50%
PLUS	Graduate and Professional Students	7/1/2016	7/1/2017	1.710%	4.60%	6.31%	10.50%

If an application for a Direct Consolidation Loan is received by the Department on or after July 1, 2013, the interest rate on that loan is the weighted average of the consolidated loans, rounded up to the nearest higher 1/8 of

1 percent. These Direct Consolidation Loans do not have an interest rate cap.

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Program Authority: 20 U.S.C. 1087, et seq.

Dated: June 8, 2016

James W. Runcie,
Chief Operating Officer
Federal Student Aid.

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